



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0320	<b>Title:</b>	Eliminate front license plate requirement for certain vehicles
<b>Primary Sponsor:</b>	Van Dyk, Kendall	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	(\$1,530,961)	(\$120,333)	(\$110,517)	(\$114,617)
State Special Revenue	(\$2,050)	(\$4,100)	(\$4,100)	(\$4,100)
<b>Revenue:</b>				
General Fund	(\$3,610)	(\$7,220)	(\$7,220)	(\$7,220)
<b>Net Impact-General Fund Balance:</b>	<u>\$1,527,351</u>	<u>\$113,113</u>	<u>\$103,297</u>	<u>\$107,397</u>

#### Description of fiscal impact:

House Bill 230 would require only one license plate on a vehicle. Implementation of this bill would reduce materials required to produce license plates which would have a positive impact on the general fund.

### FISCAL ANALYSIS

#### Assumptions:

##### **Department of Corrections – Montana Correctional Enterprises**

1. With the passage of HB 320, all vehicles would be licensed with one license plate that would be attached to the rear of the vehicle.
2. Sixty percent of the large plates (610,783 x 60%) produced in fiscal year 2008 would be produced in the fiscal years following the passage of HB 320. The same amount of small plates would be produced, as most of those are for single use. This assumption is due to the fact that there are a limited amount of single plates produced throughout the fiscal year for trailers and recreational vehicles.

3. The passage of this bill will not affect the reissue of license plates, per 61-3-332, MCA, with the exception that only one license plate will be produced.
4. There will be a reduced need for inmate pay and overtime during the reissue period, 2011 biennium, of \$3,510/yr, due to reduced number of reissue plates.
5. The fiscal note is broken down into two areas. The base budget change due to the reduction of regularly issued license plates produced and the present law change due to the reduction of new issue plates to be produced.
6. Assuming that 404,286 license plates ( $610,783 \times 60\% = 366,473$  “large plates” + 37,813 “small plates” = 404,286) will be produced in a normal year (this is in addition to reissued license plates), the base budget could be reduced for the Department of Corrections in the amount of \$104,367 each year of the biennium. This is for a reduction of supplies such as reflective sheeting and aluminum used to produce the license plates.
7. Assuming the license plate reissue will still warrant the additional 800,000 license plates to be produced above the normal yearly plates (DP402 was for 1,600,000 plates or 800,000 sets), the decision package for present law adjustment (DP402) could be reduced by \$1,433,336 over the biennium.
8. The total biennial affect to the general fund is \$1,642,070 (\$1,433,336 for the reissued license plates and \$208,734 for regularly issued license plates). There would be an additional general fund affect of \$104,367 in each of FY 2012 and FY 2013, for a total of \$1,850,804 over the four years covered in this fiscal note.
9. Montana Correctional Enterprises does not have control over the number of plates that are produced each fiscal year. The orders are based on county orders to the Department of Justice, who in turn order from the Montana Correctional Enterprise License Plate Factory. Any increased production for license plates either in the reissue or regular issue, would require additional funding.

**Department of Justice - Motor Vehicle Division (MVD)**

10. Each year approximately \$20,500 is expended for mailing/shipping license plates to the counties utilizing Federal Express (\$20,000) or the US Postal Service (\$500).
11. It is estimated the annual cost savings due a decrease in the volume/weight of license plate shipments to the counties would be \$10,250 for freight and postage.
12. Funding for Motor Vehicle Division expenditures has historically been 60 percent general fund and 40 percent highways special revenue.
13. Custom vehicles are currently allowed to display one license plate and are charged a \$10 fee. HB 320 allows for every vehicle to display only one license plate, thus eliminating the distinction of custom vehicles and the \$10 fee.
14. In FY 2008, \$1,220 in revenue was collected for the custom vehicle single plate fee [ $122 \text{ vehicles} \times \$10 = \$1,220$ ]. It is assumed the number of custom vehicles registered would remain constant through the 2013 biennium. Therefore, revenues deposited in the general fund would decrease \$610 in FY 2010 [ $\$1,220 \times 0.5 \text{ year} = \$610$ ] and \$1,220 in FY 2011, FY 2012, and FY 2013.

**Department of Justice - Montana Highway Patrol (MHP)**

15. It is assumed the MHP issues 200 citations per year to motorists displaying only one license plate.
16. Currently, the fine associated with this citation is \$60.00. Fifty percent of the fine revenue is deposited into the state general fund and the other half is distributed to the county in which the citation was written. Therefore, the state share of the fine revenue is \$30.00 per citation [ $\$60.00 \times 50\% = \$30.00$ ].
17. Assuming the number of citations written would remain constant, the annual general fund revenue would decrease by \$6,000 [ $200 \text{ violations} \times \$30.00 = \$6,000$ ]. Given the effective date of HB 320 (1/1/2010), the decrease in revenue would be \$3,000 in FY 2010.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b>Department of Corrections</b>				
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	(\$3,510)	(\$3,510)	\$0	\$0
Operating Expenses	(\$1,524,376)	(\$110,673)	(\$104,367)	(\$104,367)
<b>TOTAL Expenditures</b>	<b>(\$1,527,886)</b>	<b>(\$114,183)</b>	<b>(\$104,367)</b>	<b>(\$104,367)</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	(\$1,527,886)	(\$114,183)	(\$104,367)	(\$104,367)
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Department of Justice</b>				
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	(\$5,125)	(\$10,250)	(\$10,250)	(\$10,250)
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	(\$3,075)	(\$6,150)	(\$6,150)	(\$6,150)
State Special Revenue (02)	(\$2,050)	(\$4,100)	(\$4,100)	(\$4,100)
<b><u>Revenues:</u></b>				
General Fund (01)	(\$3,610)	(\$7,220)	(\$7,220)	(\$7,220)
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$1,527,351	\$113,113	\$103,297	\$103,297
State Special Revenue (02)	\$2,050	\$4,100	\$4,100	\$4,100

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*Sponsor's Initials*\_\_\_\_\_  
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